

Company announcement no 12 2014/15

Copenhagen, 17 December 2014

Interim Report for the period 1 August 2014 – 31 October 2014

Scandinavian Private Equity A/S (SPEAS) recorded a profit for Q3 2014/15 of DKK 42.6m. Equity stood at DKK 828m, corresponding to a book value per share of DKK 18,960. Extraordinary dividend of DKK 1,400 per share.

The Board of Directors of SPEAS has today considered and approved the Company's Interim Report for the period 1 August 2014 – 31 October 2014. The Interim Report contains the following highlights:

- Investments in private equity funds generated a return of DKK 44.5m. Less costs incurred of DKK 0.7m, depreciation and amortisation of DKK 0.5m and net financial expenses of DKK 0.6m, net profit for the period came to DKK 42.6m.
- Investments in private equity funds amounted to DKK 747m, or 90% of net assets.
- In Q3 2014/15 SPEAS contributed DKK 17.8m to the private equity funds under the investment commitments made.
- In the same period, the Company received DKK 68.9m as proceeds from exits, recapitalisation, etc.
- Dividend of DKK 1,500 per share, equal to a total of DKK 66m, was distributed in September.
- The Board of Directors has resolved to distribute extraordinary dividend of DKK 1,400 per share. Dividend will be distributed on 23 December 2014, and the SPEAS share will be traded excluding dividend as from Friday 19 December 2014.
- Equity stood at DKK 828m at 31 October 2014, equal to a book value per share of DKK 18,960 against a quoted price of DKK 16,480 as at the same date.
- In Q3 2014/15 the return on equity was 5.0%, and in the period Q1-Q3 2014/15 the return on equity was 9.8%.
- Given the Company's current asset allocation, return expectations are equivalent to a long-term return on equity of 7-8% pa. Based on achieved investment results, forecasts for this financial year now include a return on equity that exceeds the long-term return expectations. Full-year results will depend on the development in financial markets.

For further information, please contact:

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About SPEAS

SPEAS is an investment company that invests in private equity funds with particular focus on buyout funds with activities in the Nordic countries. At present, SPEAS prioritises distribution to shareholders over new investment commitments.

Scandinavian Private Equity A/S

CVR no 29 82 40 88

Interim Report

1 August 2014 – 31 October 2014

Financial highlights

(DKK 1,000)	2013/2014	Q1-Q3 2013/14	Q1-Q3 2014/15	Q3 2013/14	Q3 2014/15
	01.02.2013- 31.01.2014	01.02.2013- 31.10.2013	01.02.2014- 31.10.2014	01.08.2013- 31.10.2013	01.08.2014- 31.10.2014
Income statement					
Income from investing activities	67,678	33,184	95,168	19,183	44,480
Operating profit (EBIT)	55,421	24,057	90,000	16,045	43,210
Net financials	(7,499)	(5,708)	(989)	(1,603)	(607)
Profit before tax	47,922	18,349	89,011	14,442	42,603
Balance sheet					
Investments in private equity funds	740,008	703,249	747,006	703,249	747,006
Intangible assets	5,329	7,332	2,999	7,332	2,999
Receivables	215	1,322	185	1,322	185
Cash	209,739	223,699	79,509	223,699	79,509
Total assets	955,291	935,602	829,700	935,602	829,700
Equity	954,214	934,392	828,330	934,392	828,330
Current liabilities	1,077	1,210	1,370	1,210	1,370
Total liabilities and equity	955,291	935,602	829,700	935,602	829,700
Financial ratios					
Number of issued shares, end of period	50,050	50,050	44,697	50,050	44,697
Number of treasury shares, end of period	5,001	4,449	1,008	4,449	1,008
Average number of shares	45,484	45,524	44,365	45,601	43,999
Average number of shares, diluted	45,484	45,524	44,365	45,601	44,001
Earnings per share (EPS) (DKK)	1,048	399	2,006	317	968
Earnings per share, diluted (DEPS) (DKK)	1,048	399	2,006	317	968
Book value per share (DKK)	21,182	20,491	18,960	20,491	18,960
Book value per share, diluted (DKK)	21,182	20,491	18,958	20,491	18,958
Paid dividend per share (DKK)	0	0	4,300	0	1,500
Quoted price (latest trade), end of period (DKK)	17,710	14,940	16,480	14,940	16,480
Quoted price/book value	0.84	0.73	0.87	0.73	0.87
Cost:Equity ratio (%)	0.6	0.5	0.3	0.1	0.1
Return on equity (%)	5.1	2.0	9.8	1.6	5.0
Investment commitments to private equity funds					
Investments in private equity funds (DKKm)	740.0	703.2	747.0	703.2	747.0
- Investments as % of equity	78	75	90	75	90
- Return on private equity funds (%)	9.1	4.4	12.8	2.6	5.9
Uncalled investment commitments (DKKm)	249.7	263.5	153.3	263.5	153.3
Total exposure to private equity funds (DKKm)	989.7	966.7	900.3	966.7	900.3
- Total exposure as % of equity	104	103	109	103	109

Management's Review

Results for the period

Profit for the period came to DKK 42.6m, which is considered satisfactory. Investments in private equity funds generated a return of DKK 44.5m.

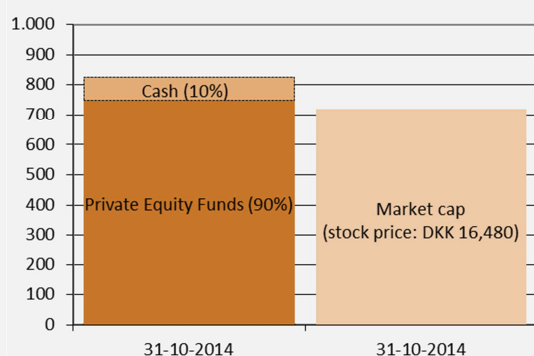
Equity stood at DKK 828m at 31 October 2014, corresponding to a book value per share of DKK 18,960.

In Q3 2014/15 the return on equity was 5.0%, and in the period Q1-Q3 2014/15 the return on equity was 9.8%.

Asset allocation at 31 October 2014

At 31 October 2014, the Company's assets were allocated as follows:

Net assets and market cap (DKKm)



SPEAS's largest asset item is investments in private equity funds totalling DKK 747m. At 31 October 2014, the cash balance was DKK 80m, and SPEAS's market cap amounted to 87% of the carrying amount of net assets.

Investing activities

Investments in private equity funds

At 31 October 2014, SPEAS had made investment commitments to eight selected private equity funds which SPEAS considers to be among the top funds within their segments: EQT V and VI, IK 2007, Litorina III and IV, Apax Europe VII, Herkules III and Norvestor VI. The selection of and access to successful private equity funds is imperative to the return. For further information on the individual private equity funds, please see SPEAS's website, www.speas.dk.

In Q3 SPEAS's investments in private equity funds generated a profit of DKK 44.5m, including negative foreign currency translation adjustment of DKK 2.1m. This equals 5.9% of average investments in private equity funds for the period.

In the financial period, SPEAS contributed DKK 17.8m to the private equity funds in accordance with the investment commitments made and received DKK 68.9m as proceeds from exits, recapitalisation, etc.

In the period under review, EQT V listed XXL on the stock exchange. Litorina III announced the sale of Textilia, and Apax announced the sale of TriZetto.

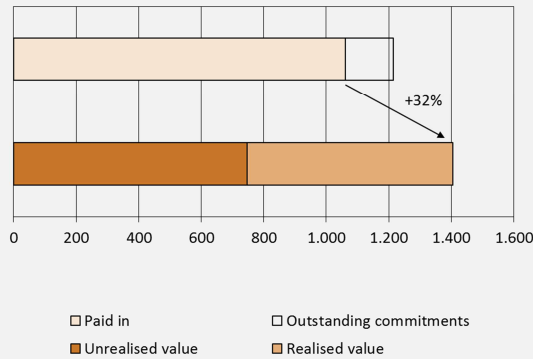
At 31 October 2014, SPEAS had received exit proceeds from a total of 30 fully realised investments, of which eight in this financial year. Exit proceeds from these 30 investments amounted to DKK 553m, corresponding to a net multiple of 1.6x invested amount and a net return at 31 October 2014 of 13.8% pa (IRR). Exit proceeds were generally on a level with or exceeded the latest carrying amount prior to announcement of the sale.

AT 31 OCTOBER 2014, THE COMPANY HAD MADE THE FOLLOWING INVESTMENT COMMITMENTS:

Private equity fund	Original investment commitment	Uncalled investment commitment		Paid to private equity fund (DKKm)	Value	
		Currency	(DKKm)		Realised (DKKm)	Unrealised (DKKm)
EQT V	EUR 40m	EUR 2.4m	17.9	330.6	349.6	144.9
EQT VI	EUR 10m	EUR 3.1m	22.9	51.1	0.0	56.8
IK 2007	EUR 25m	EUR 3.7m	27.9	191.0	97.6	151.8
Apax Europe VII	EUR 30m	EUR 0.7m	4.8	249.1	110.1	221.8
Litorina III	SEK 107m	SEK 21.3m	17.1	77.8	47.0	64.9
Litorina IV	SEK 46m	SEK 21.7m	17.5	20.7	0.0	15.1
Herkules III	NOK 100m	NOK 8.3m	7.3	88.2	31.4	59.6
Norvestor VI	NOK 80m	NOK 43.2m	37.9	35.9	6.0	32.1
Total			153.3	1,044.4	641.7	747.0

At 31 October 2014, accumulated returns on investments in private equity funds came to 32%, equal to an annual return of 8.2% (IRR):

Accumulated return on investments in private equity funds (DKKm)



In the long term, the Company's private equity investments are expected to generate a return that exceeds the return on listed shares. Short-term returns on private equity investments may, however, differ significantly from long-term returns. Firstly, short-term returns are chiefly based on estimated investment values, whereas long-term returns are mainly based on realised values. Secondly, there is often no basis for value adjustment for some time after investments have been made.

At 31 October 2014, the private equity funds had invested in 84 companies. At www.speas.dk, SPEAS regularly publishes information on the funds' activities to the extent that the funds disclose such information.

Liquidity

SPEAS's cash came to DKK 80m and consists of bank deposits.

In order to reduce the Company's liquidity risk, the uncalled proportion of its investment commitments in NOK and SEK is partly hedged through forward exchange contracts. Value adjustment of foreign currency deposits was negative at a total of DKK 0.4m in the reporting period.

Costs related to liquidity facilities in the financial period came to DKK 0.2m.

Net financial expenses were DKK 0.6m.

Events occurred after the balance sheet date

No material events have occurred since the balance sheet date that may affect the assessment of the Interim Report.

Outlook

The Company's objective is to create an attractive return in the private equity market over an investment cycle.

Results for the year will depend on the general economic climate, financial market trends, including especially the private equity market, as well as the development in the portfolio companies of the private equity funds. Earnings expectations are therefore subject to considerable uncertainty.

Furthermore, short-term return forecasts involve very high uncertainty, and returns may fluctuate considerably from year to year.

Given the Company's current asset allocation, return expectations are equivalent to a long-term return on equity of 7-8% pa. Based on achieved investment results, forecasts for this financial year now include a return on equity that exceeds the long-term return expectations. Previously, the forecast return on equity was on a level with long-term expectations.

Share capital and treasury shares

In Q3 SPEAS bought back 450 own shares totalling DKK 7.6m, and at 31 October 2014 the portfolio comprised 1,008 treasury shares (2.3% of the share capital).

The Company will continue to buy back own shares in the market, to the extent allowed by the liquidity position of the Company and the liquidity of the share, as SPEAS does not want to represent more than 50% of the registered turnover of the share in one trading day. If major shareholdings are offered for sale, SPEAS may possibly acquire such shareholding subject to specific assessment, and in that case the Company may represent a significantly higher proportion of the registered turnover of the share.

On 29 September 2014, the Company distributed extraordinary dividend of DKK 1,500 per share, equal to a total of DKK 66m excluding dividend on treasury shares.

Extraordinary dividend

At SPEAS's Annual General Meeting held on 26 May 2014, the Board of Directors was authorised to distribute extraordinary dividend.

The Company has resolved to distribute extraordinary dividend of DKK 1,400 per share, equal to a total of DKK 61.2m excluding dividend on treasury shares.

Dividend will be distributed on Tuesday 23 December 2014, and the SPEAS share will be traded excluding dividend as from Friday 19 December 2014.

Statement by the Board of Directors and the Executive Board on the Interim Report

The Board of Directors and the Executive Board have today considered and approved the Interim Report of Scandinavian Private Equity A/S for the period 1 August 2014 – 31 October 2014.

The Interim Report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The Interim Report has not been audited or reviewed by the Company's auditor.

We consider the accounting policies applied to be appropriate, and the Interim Report gives a fair presentation of the Company's assets, liabilities, equity and financial position at 31 October 2014 and of the results of the Company's activities and cash flows for the period 1 August 2014 – 31 October 2014.

In our opinion, the Management's Review also gives a fair review of the development in the activities and financial circumstances, the results for the period and the overall financial position of the Company as well as a description of the material risk and uncertainty factors faced by the Company.

Copenhagen, 17 December 2014

Board of Directors

Henning Kruse Petersen
Chairman

Niels Heering

Henrik Østenkjær Lind

Executive Board

Ole Mikkelsen
CEO

(DKK 1,000)	2013/2014		Q1-Q3 2013/14		Q1-Q3 2014/15		Q3 2013/14		Q3 2014/15	
	01.02.2013- 31.01.2014	01.02.2013- 31.10.2013	01.02.2013- 31.10.2013	01.02.2014- 31.10.2014	01.02.2014- 31.10.2014	01.08.2013- 31.10.2013	01.08.2013- 31.10.2013	01.08.2014- 31.10.2014	01.08.2014- 31.10.2014	
Statement of comprehensive income										
Profit from investments in private equity funds	67,678	33,184	33,184	95,168	95,168	19,183	19,183	44,480	44,480	
Income from investing activities	67,678	33,184	33,184	95,168	95,168	19,183	19,183	44,480	44,480	
Management costs	(799)	(799)	(799)	0	0	0	0	0	0	
Staff and other external costs	(4,514)	(3,388)	(3,388)	(2,839)	(2,839)	(1,134)	(1,134)	(738)	(738)	
Amortisation of intangible assets	(6,943)	(4,940)	(4,940)	(2,329)	(2,329)	(2,004)	(2,004)	(532)	(532)	
Operating profit (EBIT)	55,422	24,057	24,057	90,000	90,000	16,045	16,045	43,210	43,210	
Net financials	(7,500)	(5,708)	(5,708)	(989)	(989)	(1,603)	(1,603)	(607)	(607)	
Profit before tax	47,922	18,349	18,349	89,011	89,011	14,442	14,442	42,603	42,603	
Tax	(234)	(234)	(234)	0	0	0	0	0	0	
Profit after tax/total comprehensive income	47,687	18,115	18,115	89,011	89,011	14,442	14,442	42,603	42,603	
Balance sheet										
Investments in private equity funds	note 3 740,008	703,249	703,249	747,006	747,006	703,249	703,249	747,006	747,006	
Intangible assets	note 4 5,329	7,332	7,332	2,999	2,999	7,332	7,332	2,999	2,999	
Total receivables	215	1,322	1,322	185	185	1,322	1,322	185	185	
Cash	209,739	223,699	223,699	79,509	79,509	223,699	223,699	79,509	79,509	
Total assets	955,291	935,602	935,602	829,700	829,700	935,602	935,602	829,700	829,700	
Total equity	954,214	934,392	934,392	828,330	828,330	934,392	934,392	828,330	828,330	
Total liabilities	1,077	1,210	1,210	1,370	1,370	1,210	1,210	1,370	1,370	
Total liabilities and equity	955,291	935,602	935,602	829,700	829,700	935,602	935,602	829,700	829,700	
Cash flows										
Cash flows from operations	(1,258)	(1,114)	(1,114)	(2,668)	(2,668)	(903)	(903)	(1,766)	(1,766)	
Additional cash flows from operating activities	(7,753)	(5,954)	(5,954)	(970)	(970)	(1,607)	(1,607)	(607)	(607)	
Cash flows from operating activities	(9,011)	(7,068)	(7,068)	(3,638)	(3,638)	(2,510)	(2,510)	(2,373)	(2,373)	
Investments in private equity funds	(81,873)	(54,276)	(54,276)	(40,500)	(40,500)	(14,509)	(14,509)	(17,830)	(17,830)	
Realisation of investments, private equity funds	163,262	137,930	137,930	128,670	128,670	82,264	82,264	68,946	68,946	
Acquisition of the management company	(1,297)	(1,297)	(1,297)	0	0	0	0	0	0	
Cash flows from investing activities	80,092	82,357	82,357	88,170	88,170	67,755	67,755	51,116	51,116	
Cash flows from financing activities	(11,818)	(2,066)	(2,066)	(214,762)	(214,762)	0	0	(73,594)	(73,594)	
Cash, beginning of period	150,476	150,476	150,476	209,739	209,739	158,454	158,454	104,360	104,360	
Cash, end of period	209,739	223,699	223,699	79,509	79,509	223,699	223,699	79,509	79,509	

(DKK 1,000)	2013/2014	Q1-Q3 2013/14	Q1-Q3 2014/15	Q3 2013/14	Q3 2014/15
	01.02.2013- 31.01.2014	01.02.2013- 31.10.2013	01.02.2014- 31.10.2014	01.08.2013- 31.10.2013	01.08.2014- 31.10.2014
Financial ratios					
Number of issued shares, end of period	50,050	50,050	44,697	50,050	44,697
Number of treasury shares, end of period	5,001	4,449	1,008	4,449	1,008
Average number of shares	45,484	45,524	44,365	45,601	43,999
Average number of shares, diluted	45,484	45,524	44,365	45,601	44,001
Earnings per share (EPS) (DKK)	1,048	399	2,006	317	968
Earnings per share, diluted (DEPS) (DKK)	1,048	399	2,006	317	968
Book value per share (DKK)	21,182	20,491	18,960	20,491	18,960
Book value per share, diluted (DKK)	21,182	20,491	18,958	20,491	18,958
Paid dividend per share (DKK)	0	0	4,300	0	1,500
Quoted price (latest trade), end of period (DKK)	17,710	14,940	16,480	14,940	16,480
Quoted price/book value	0.84	0.73	0.87	0.73	0.87
Cost:Equity ratio (%)	0.6	0.5	0.3	0.1	0.1
Return on equity (%)	5.1	2.0	9.8	1.6	5.0
Statement of changes in equity					
Share capital	500,500	500,500	446,970	500,500	446,970
Retained earnings, beginning of period	462,193	461,947	509,880	465,620	422,112
Transferred to distributable reserves on share capital reduction	0	0	5,867	0	0
Distributed dividend	0	0	(207,185)	0	(67,045)
Treasury shares	(56,166)	(46,170)	(16,310)	(46,170)	(16,310)
Share-based payment	0	0	97	0	0
Profit for the period	47,687	18,115	89,011	14,442	42,603
Total equity	954,214	934,392	828,330	934,392	828,330

Notes

Note 1: Accounting policies

No changes have been made to the accounting policies since the last financial statements.

Note 2: Fair value measurement of financial instruments

Methods and assumptions for determination of fair values:

Derivative financial instruments

Forward exchange contracts are measured in accordance with generally accepted measurement methods based on relevant observable exchange rates.

Investments in unlisted private equity funds

Investments in unlisted private equity funds are determined based on reports from the funds concerned. The value of a private equity fund is calculated as the market value of each investment by the fund in a portfolio company with the addition of other (short-term) net assets. Controls of the private equity funds' reports are performed to ensure that computation of the fair value of the portfolio companies is based on recognised measurement methods and techniques commonly used in this sector, and fair values are reviewed and assessed on the basis of available information with a view to making adjustments if the reported fair value is not considered representative of the actual fair value. However, SPEAS has no information about the specific methods and assumptions behind the private equity funds' measurement of each portfolio company, which renders verification of the fair value difficult. All funds invested in by SPEAS comply with the International Private Equity and Venture Capital Valuation Guidelines. The private equity funds base their measurement of the portfolio companies on the industry, market position and earnings capacity of each company, including eg (i) peer group multiples, ie the market cap of comparable listed companies relative to earnings, (ii) transaction multiples of recent M&A transactions involving comparable companies, (iii) value indications from potential buyers of the company, (iv) market cap, if the company is listed, and/or (v) expected future proceeds, if an agreement has been made to sell the company.

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

Below is a classification of financial instruments measured at fair value divided according to the fair value hierarchy:

- Listed prices in active markets for the same type of instrument (level 1)
- Listed prices in active markets for similar assets or liabilities or other measurement methods for which all significant inputs are based on observable market data (level 2)
- Measurement methods for which any significant input is not based on observable market data (level 3).

2013/14 (DKK 1,000)	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Investments in private equity funds			740,008	740,008
Financial assets measured at fair value through profit or loss	0	0	740,008	740,008
<i>Financial liabilities</i>				
Derivative financial instruments		126		126
Financial liabilities measured at fair value through profit or loss	0	126	0	126
Q3 2014/15 (DKK 1,000)	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Investments in private equity funds			747,006	747,006
Financial assets measured at fair value through profit or loss	0	0	747,006	747,006
<i>Financial liabilities</i>				
Derivative financial instruments		357		357
Financial liabilities measured at fair value through profit or loss	0	357	0	357

Reconciliation of beginning-of-period to end-of-period balances of investments in private equity funds measured at fair value in accordance with level 3 of the fair value hierarchy appears from note 3.

The Company has a policy of recognising transfers between levels from the time an event or change in circumstances causes a change in the classification. No transfers took place between levels in Q3 2014/15.

Note 3: Investments in private equity funds

Investments in private equity funds (DKK 1,000)	2013/14	Q1-Q3 2014/15	Q3 2014/15
Fair value, beginning of period	753,719	740,008	753,642
Purchase, excl transaction costs	81,873	40,500	17,830
Sale, excl transaction costs	(163,262)	(128,670)	(68,946)
Profit/loss (recognised in the statement of comprehensive income as "Profit from investments in private equity funds")	67,678	95,168	44,480
Fair value, end of period	740,008	747,006	747,006

Note 4: Intangible assets

Intangible assets (DKK 1,000)	2013/14	Q1-Q3 2014/15	Q3 2014/15
Cost, beginning of period	0	12,272	12,272
Additions	12,272	0	0
Cost, end of period	12,272	12,272	12,272
Amortisation, beginning of period	0	6,943	8,741
Amortisation for the period	6,943	2,329	532
Amortisation, end of period	6,943	9,273	9,273
Carrying amount, end of period	5,329	2,999	2,999

Note 5: Share capital and treasury shares

Movement in share capital and portfolio of treasury shares in Q3 2014/15:

(Number)	Treasury shares	Share capital
Number of shares, 1 August 2014	558	44,697
Buyback of own shares	450	-
Number of shares, 31 October 2014	1,008	44,697
Average number of shares	698	44,697

The shares all have a nominal value of DKK 10,000 per share.

Note 6: Share-based payment

In May 2014 SPEAS established a share option scheme for its Executive Board under which share options in the Company are granted on the following terms and conditions:

Time of granting	Number	Exercise period	Fair value per option
May 2014	25	2017-2019	DKK 3,887

The fair value of the options, in total DKK 97,000, were charged to the income statement in Q2 2014/15. The fair value of the options has been determined using the Black-Scholes model based on the following assumptions:

Average share price at time of granting (DKK)	19,692
Exercise price (DKK) ¹⁾	19,692
Expected volatility	19%
Expected maturity	4.9 years
Expected dividend per share ¹⁾	0%
Risk-free interest rate (based on Danish government bonds)	1.4%

¹⁾ The exercise price is adjusted according to distributed dividend and has been determined prior to distribution of dividend of DKK 2,800 per share as adopted by the Company's Annual General Meeting on 26 May 2014 and extraordinary dividend of DKK 1,500 as resolved by the Board of Directors on 22 September 2014. The exercise price at 31 October 2014 was DKK 15,392.

Note 7: Related party transactions in the financial period

No related parties exercise control of Scandinavian Private Equity A/S.

The related parties with significant influence on Scandinavian Private Equity A/S are the Board of Directors and the Executive Board and the family relations of the members thereof. Other than remuneration of the Board of Directors and the Executive Board and the share option scheme, cf Note 6, there were no transactions with the Board of Directors or Executive Board.

Company information

<p>Name and registered office Scandinavian Private Equity A/S Sankt Annæ Plads 13, 3. DK-1250 Copenhagen K</p> <p>Tel +45 70 25 10 55 Fax: +45 70 25 10 75 E-mail: info@speas.dk Website: www.speas.dk</p> <p>Registration numbers ISIN: DK0060068682 CVR no: 29 82 40 88</p> <p>Board of Directors Henning Kruse Petersen, Chairman</p> <p>Niels Heering</p> <p>Henrik Østenkjær Lind</p> <p>Executive Board Ole Mikkelsen</p>	<p>Principal bankers Nykredit Bank A/S</p> <p>Financial year 1 February – 31 January</p> <p>Auditors Deloitte Statsautoriseret Revisionspartnerselskab</p>
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About SPEAS

SPEAS is an investment company that invests in private equity funds with particular focus on buyout funds with activities in the Nordic countries. At present, SPEAS prioritises distribution to shareholders over new investment commitments.